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ABSTRACT

This study provides a detailed look at statewide, county, and district spending for K-12 education in California during 1994-96, and updates an earlier study (Krop and others, 1995) examining how California's allocation of federal, state, and local education dollars were spent. California's financial reporting system as well as average K-12 expenditures during this period were the primary sources of data for this report. In addition to discussing how school districts spend their money, this study not only examines how a district's size affects allocation, but also describes a method of organizing education spending into categories of expenditure. Details on the types of expenditures in each category, the basis for their placement, and the size of expenditure are provided. Section 1 provides background to the previous study and contextualizes the current study. Section 2 describes the categories of expenditures and defines K-12 expenditures. Section 3 contains descriptions of the types of district expenditures included under each of the expenditure categories. Section 4 examines total K-12 expenditures by adding county expenditures to state expenditures. Section 5 discusses variations in expenditure patterns based on district size, materials, and personnel. (Contains graphs, tables, lists, and 20 references.) (RIB)

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Tracking K-12 Education Spending in California: An Updated Analysis

Cathy S. Krop, Stephen J. Carroll with assistance from John R. Anderson

DRU-1869-EDU

June 1998

Prepared for the California School Boards Association

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PREFACE

This report examines how California's federal, state, and local education dollars are spent after they are allocated to K–12 education. The adequacy of California's public K-12 education system depends both on California's ability to fund K–12 education and on how the education dollars are used to provide educational services after they are allocated.

In a previous study, we examined how the education dollars provided to California's public K-12 education in 1992-93 were spent. This study uses data for the 1994-95 and 1995-96 school years to update that earlier analysis. This study, as did the earlier study, examines all spending in support of K–12 education in California, including expenditures by the California Department of Education, the county offices of education, the district offices of education, and the schools themselves.

This report's findings should be of interest to a broad range of policymakers, researchers, administrators, teachers, and parents.

This research was funded by the California School Boards Association. It is part of a larger body of research on California school finance and on school reform efforts being conducted through RAND Education.

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SUMMARY

An earlier RAND study (Krop, et. al., 1995) examined how the education dollars provided to California's public K-12 education in 1992-93 were spent. This study updates that analysis; we use the same methodology and data sources to examine K-12 spending patterns in the 1994-95 and 1995-96 school years. This study, as did the earlier study, examines all spending in support of K–12 education in California, including expenditures by the California Department of Education, the county offices of education, the district offices of education, and the schools themselves.

STUDY DESIGN

We draw on the extensive data provided through California's financial reporting system for counties and school districts as well as on the detailed budgets of a sample of school districts to describe total and average per-pupil K–12 expenditures in California in the school years 1994-95 and 1995-96 (the most recent years for which data were available). We examine in detail how county offices of education, district offices, and schools spend their education dollars. In addition to mapping out how school districts across California as a whole spend their money, we examine how different size school district allocate their education dollars.

California's schools, school district offices, county offices, and Department of Education together make hundreds of types of expenditures in support of K–12 education in the state. This study presents one way to organize those education expenditures into categories of expenditure. We provide the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to enable users of this report to discuss the different types of expenditures, to move expenditures easily from one category to another, and to recategorize expenditures in alternative ways.

FINDINGS

We divided total California K–12 education expenditures into a hierarchy of categories, from broader to narrower categories. The broadest categories are

state operations expenditures, county office of education expenditures, and district expenditures. These broad categories of spending are then divided into more detailed categories of expenditures.

Spending by Level

Table S.1 shows total unduplicated state, county, and school district K–12 expenditures for the 1994-95 and 1995-96 school years. For purposes of comparison, we report the comparable results for the 1992–93 school year from our earlier study.

Table S.1

Distribution of K-12 Expenditures in 1992-93, 1994-95, and 1995-96

School Year	1992-93		1994-95		1995-96	
	$ millions	%	$ millions	%	$ millions	%
State operations	584	2	812	3	869	3
County	1,550	6	2,079	7	2,100	7
School districts	25,433	92	27,321	90	28,642	91
Total	27,567		30,212		31,611	

Total California K-12 expenditures in 1992-93 were $27,567 million. This resulted in a per–pupil expenditure of $5,353, averaged over all students enrolled in California public school districts. District expenditures, $25,433 million, accounted for about 92 percent of total K–12 expenditures. County expenditures accounted for six percent of total K–12 expenditures. State operations comprised two percent of K-12 spending. Most spending was supported by general funds. District and county general–fund expenditures together totaled $22,381 million and accounted for about 81 percent of total K–12 expenditures of $27,567 million for the 1992–93 school year.

Total California K–12 expenditures grew to $30,212 million in the 1994-95 school year and to $31,611 million the following year. Per–pupil expenditures also increased in both years, to a statewide average of $5,812 in 1994-95 and $5,943 in 1995-96. The distribution of expenditures by level in each of those years was very similar to the 1992-93 pattern: School districts accounted for about 90 percent of K-12 expenditures in 1994-95 and 91 percent in 1995-96. Counties accounted for about three percent, and state operations for about seven percent, in each year. District and county general–fund expenditures together totaled

$23,877 million and accounted for about 79 percent of total K–12 expenditures in the 1994-95 school year. In 1995-96, district and county general-fund spending added up to $25,244 million, about 80 percent of total K–12 expenditures.

School District General-Fund Expenditures

Most school district spending was district general–fund spending. And the majority of district general–fund spending took place at school sites. Table S.2 shows the distribution of district general-fund spending among major expenditure categories for the 1994-95 and 1995-96 school years. For purposes of comparison, we report the comparable results for the 1992–93 school year from our earlier study.

Table S.2

Distribution of School District General-Fund Expenditures (%) in 1992-93, 1994-95, and 1995-96

School Year	1992-93	1994-95	1995-96
District general-fund spending ($ million)	21,011	22,152	23,495
Type of expenditure (%)			
Classroom personnel and materials	62	61	61
on-site services	7	7	7
School-site facilities	11	11	12
On-site administration	5	5	5
Other school-site expenditures	7	8	8
Off-site operations	8	9	9

District spending on **classroom personnel and materials** (teachers' and instructional aides' salaries and benefits, textbooks, and instructional equipment) accounted for about 62 percent of total school district general fund expenditures in 1992-93. The corresponding figures for 1994-95 and 1995-96 were virtually identical, about 61 percent in each year. School districts spent about seven percent of their general funds on **on-site services** (food, library, pupil transportation, and guidance and welfare services provided by the school directly to the student) in each of the three years we examined. In 1992–93, California's schools spent about 11 percent of their general funds on **school-site facilities** (maintenance, utilities, housekeeping, and rentals and leases). They spent about the same fraction of their general funds on school facilities in each of

the other years. The fraction of general fund expenditures on **site administration** (principals and vice-principals salaries and benefits) remained at about five percent in each year. The fraction of general fund spending on **other site-based activities** (school office and miscellaneous school-site expenditures for office equipment, clerical workers' salaries and benefits, and school personnel travel) was between seven and eight percent in each year.

About eight percent of school district general–fund expenditures in 1992-93 paid for **off-site operations** (salaries and benefits for all district office personnel, district administrators' travel, office equipment and supplies, utilities, and rentals and leases). The corresponding figure was nine percent in both 1994-95 and 1995-96.

Beyond the general fund, school districts spend money from funds that are set aside for special purposes. For example, child nutrition program money is set aside in the cafeteria fund. In total, expenditures from these **other district K–12 funds** were $4,422 million, or about $859 per pupil, for the 1992–93 school year. The corresponding figures for 1994-95 were $5,169 million, about $994 per pupil on average, and, for 1995-96, $5,147 million, about $968 per pupil on average.

County Expenditures

California has 58 county offices of education, and they vary greatly in their functions and responsibilities. Many counties operate a small number of county schools. Some counties are responsible for providing accounting services to the districts, including payroll services. However, other counties provide no direct services to districts and operate autonomously. In total, county offices of education spent about $1,550 million, or $301 per pupil, in the 1992–93 school year, about $2,079 million, or $400 per pupil, in 1994-95, and about $2,100 million, or $395 per pupil, in 1995-96. The majority of county expenditures are county general–fund expenditures, which accounted for about 88 percent of total county expenditures in 1992-3 and 83 percent of total county expenditures in each of the other years we examined.

A relatively small share of county expenditures, $180 million in 1992-93, $354 million in 1994-95, and $351 in 1995-96, come from **other county K–12 funds,** which hold money aside for specific purposes. The largest of these is the county self-insurance fund.

State Operations Expenditures

State operations (California Department of Education spending on K–12 support services provided by the state and repayments on state general obligation bonds) expenditures totaled about $584 million, or $113 per pupil, for the 1992–93 school year. State operations expenditures totaled $812 million, $156 per pupil on average, in 1994-95 and $869 million, about $163 per pupil on average, in 1995-96.

DISTINGUISHING EXPENDITURE PATTERNS OF DISTRICTS

In addition to describing how school districts as a group spend their money, we also looked at how expenditure patterns differ among different size districts. In general, the degree of variation in spending decreases as we move from the smallest to the largest size districts. Table S.3 illustrates this result; it shows the fraction of general-fund spending allocated to classroom personnel and materials by the 25th and 75th percentile district on this measure in each size class.

Table S.3

Proportion of School District General-Fund Expenditures (%) Allocated to Classroom Personnel and Materials by District Size, 1995-96

	Percentile	
Enrollments	25th	75th
1 - 500	53	61
501 - 1,500	56	63
1,501 - 5,000	58	62
5,001 - 15,000	58	62
15,001 - 45,000	58	62
45,001 or more	56	59

For example, in 1995-96, one-quarter of the very small school districts (enrollment less than 501) spent less than 53 percent of their general-fund revenues on classroom personnel and materials and one-quarter allocated at least 61 percent to this category. The corresponding range of spending on this category among small school districts (enrollment between 501 and 1,500) was seven percentage points. In three groups of mid-sized districts (districts enrolling 1,501 to 5,000 students, or 5,001 to 15,000 students, or 15,001 to 45,000

students) the range of spending on classroom personnel and materials was four percentage points in each case. Finally, the middle 50 percent of the largest districts (45,000 or more students) spanned only three percentage points.

CONCLUDING REMARKS

This study shows how California's education dollars are spent. We examined how much is spent in California among a variety of categories of expenditure at the state, county, district, and school level. We have provided the details on what types of expenditures we have included in each of the categories of expenditure to enable users of the report to understand and discuss the different types of expenditures and to recategorize expenditures in other ways.

We do not evaluate whether those expenditure patterns are "good" or "bad" or trying to systematically determine the reasons behind the expenditure patterns that we find. District expenditure patterns may be influenced by many factors that we do not explore such as geographic location, degree of urbanicity, wealth, or diversity of the student population. Our purpose here is to determine how the education dollars are spent to help initiate and frame further discussions and analyses on education spending.

ACKNOWLEDGMENTS

Many people have contributed to this effort; we thank them all. We have received assistance from many staff members at the California Department of Education. The School Business Services Division provided invaluable assistance in our data collection efforts. Several staff members in the Special Education Division, Consolidated Programs Management Unit, and the Child Nutrition and Food Distribution Division helped us understand the intricacies of special education, Chapter 1, and child nutrition programs, respectively.

The insights of several RAND colleagues, including Dominic Brewer and Rebecca Kilburn, provided significant contributions to this analysis. John Anderson used the Department of Education 1994-95 and 1995-96 data to build the database used in this analysis. He also performed many of the preliminary calculations. Laura Zakaras helped us prepare this report.

We are also grateful to Davis Campbell and Paul Richman of the California School Boards Association and the members of the steering committee of the Elementary and Secondary School Finance Project for their many important contributions to the development and implementation of this analysis. We would also like to thank those at the various school districts and county offices of education who spent considerable amounts of time with us at various stages of the research.

While we recognize the contributions of the many people who made this report possible, we emphasize that the discussion and findings in this report reflect only the views of the authors.

1. INTRODUCTION

Over the years, California's system for funding public schools has grown into a highly intricate web of statutes, funding formulas, and constitutional requirements. This complexity has sometimes led to misunderstanding by the public and a tendency for policymakers to embrace the "fad" education issues of the day. The purpose of this study is to provide new information about K-12 school finance in California and help policymakers and the public better understand the highly complex system that has evolved over the years.

BACKGROUND

The relationship between resource allocation and the achievement of school purposes and goals is central to several major K-12 education policy debates:

One of these debates concerns the relationship between the distribution of resources and the "adequacy" of the education provided by the state funding system for public education. In recent decades, courts in several states have examined and ruled unconstitutional the existing funding system for public schools because the system violates the 'adequate education' or 'equal educational opportunity' provisions of state constitutions (McUsic, 1991; Moore, 1997; Verstegen, 1997). Responding to these rulings has been difficult because there is little agreement about the level of resources required to satisfy this state obligation (Clune, 1994; Hess, 1994). An adequate education is provided not just by spending money, but by spending money on inputs that have an impact on students' educational development. Which inputs are most effective is not clear from the existing academic research.

A second debate hinging on the relationship between resource allocation and achievement of educational goals: do increases in public school funding lead to improved student outcomes? The educational productivity literature has failed to yield consistent evidence on the link between school inputs and measured outputs (Hanushek, 1994, 1996; Hedges, et al., 1994; Monk, 1992; Goldhaber and Brewer, 1997). Although research suggests that increased spending on education has not generated improvements in standardized test scores, the assertion that allocating more resources to public schools would

simply be wasted is predicated on the assumption that increasing test scores is the main goal of schools and that additional resources are actually being devoted to raising test scores (Boyd and Hartman, 1988). Few educators would actually agree with the first assumption, although measures of school output are largely confined to such narrow measures, and schools are increasingly being called upon to be "accountable" for their performance (Newman, et al., 1997). And there is some evidence that the second assumption is incorrect: Rothstein and Miles (1995) suggest that real per pupil K-12 spending in a sample of districts grew by 61% over the past 25 years (rather than 100% when measured conventionally), and that a large fraction of this increase went to special education programs.

A third and related debate concerns the merits of providing basic education through alternative channels, both within and outside of the public school system. Many school "reforms" are predicated on a belief that public schools are not effectively allocating their resources. State tuition voucher plans, charter schools, privatization initiatives, and the New American Schools Initiative maintain that alternative strategies would improve resource allocation (Hill, et al., 1990; Chubb and Moe, 1990; Carroll et al., 1993). This view, in turn, arises from the notion that public schools are overly centralized, bureaucratic, and bloated: that there is an "administrative blob." Although the research evidence suggests that there is no "blob" for the "typical" school district (Krop, et al., 1995; Picus and Fazal, 1996; Odden, et al., 1995; Brewer, 1996), these reforms assume that institutions operating with more flexibility in a competitive environment will allocate resources more effectively and ultimately generate improved outcomes.

One consistent element of all these debates is a criticism of traditional public schools that rests on two assumptions: (i) schools are not meeting societal goals (the outcomes do not reflect the objectives), and (ii) this is driven by a failure to allocate resources in ways that are consistent with the goals. These assumptions form the basis of policy recommendations for specific reforms designed to improve primary and secondary education. While much effort has been devoted to crafting logically consistent arguments in support of reforms, little is actually known about the assumptions underpinning these arguments. To test their merit, we need a clear and robust picture of schools' resource allocation patterns, the ways in which those resource allocation patterns relate to

educational goals, and the factors influencing resource allocation strategies employed by schools.

THIS STUDY

This study addresses the schools' resource allocation patterns. Drawing on the extensive data provided through California's financial reporting system for counties and school districts as well as on the detailed budgets of particular school districts, we examine K–12 total and per-pupil expenditures for California's 1,000-plus districts for school years 1994-95 and 1995-96 (the most recent years for which data were available). We examine in detail how county offices of education, district offices, and schools spend their education dollars. In addition to mapping out how school districts as a whole spend their money, we examine differences among districts of different sizes in how they allocate their education resources.

California's schools, school district offices, county offices, and Department of Education together make hundreds of types of expenditures in support of K–12 education in the state. This study presents one way to organize those education expenditures into categories of expenditure. Clearly, there is no one "right" way to define these categories, and these categories may change over time as educational reforms take place. We have provided the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to allow others to understand and discuss the different types of expenditures that take place in support of K–12 education, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways.

At the same time, the current report does not

- Account for differences in expenditure patterns between school years.
- Suggest that any category or type of expenditure is more or less important than any other category or type of expenditure.
- Evaluate the spending patterns that we find. We describe how K–12 education dollars are spent, not whether those spending patterns are "good" or "bad."
- Account for any unfunded liabilities of school districts. We documented only actual expenditures made in each school year.

THE PREVIOUS STUDY

We examined California K-12 expenditure patterns in the 1992-93 school year in an earlier study. (Krop, et al., 1995) This study replicates that analysis. We use the same data sources and methods as were used in that analysis. For that matter, we have employed much of the text from the earlier report, changing only the numbers as appropriate. Hence, the results reported here for 1994-95 and 1995-96 should be directly comparable to the results reported for the 1992-93 year in the earlier report.

To facilitate comparisons of expenditure patterns in different years, we reproduce summary results from the earlier study in the conclusions section of this report. However, we compare the results reported here with those reported earlier only for the total expenditures in each category. We do not contrast each of the many expenditure elements that enters each category.

As will be seen below, the expenditure patterns in each of the three years we examined are very similar. There are differences from one year to another in the share of total K-12 spending allocated to an expenditure category, but these differences are generally quite small.

ORGANIZATION OF THE REPORT

The remainder of the report is divided into six sections. The next section describes how we categorized and defined the wide variety of K–12 expenditures. In addition, this Section describes our data sources. Section 3 examines how California's school districts spend their K–12 education dollars. Section 4 combines school district, county, and state expenditures to examine total K–12 expenditures in California. Section 5 describes variations in expenditure patterns across different size school districts. Some concluding remarks are provided in Section 6.

2. ORGANIZATION OF EDUCATION SPENDING AND DATA SOURCES

To provide a complete picture of all of the types of expenditures that are made on behalf of K–12 education, it is necessary to develop a means by which to organize those expenditures. This section briefly describes how we have chosen to organize K–12 expenditures into categories of expenditures. In addition, this section briefly describes the data sources that were used to detail expenditures at the state, county, district, and school level.

ORGANIZATION OF EDUCATION SPENDING

Our organization of K–12 education spending is shown in Figure 2.1. We divide California K–12 expenditures into a hierarchy of expenditure categories, going from broader to narrower categories. The broadest categories of expenditure are state operations expenditures, county expenditures, and school district expenditures. Those broad categories of expenditure are then divided into more detailed expenditure categories.[1]

[1]For detail on how these categories were defined, see Krop, et.al., 1995.

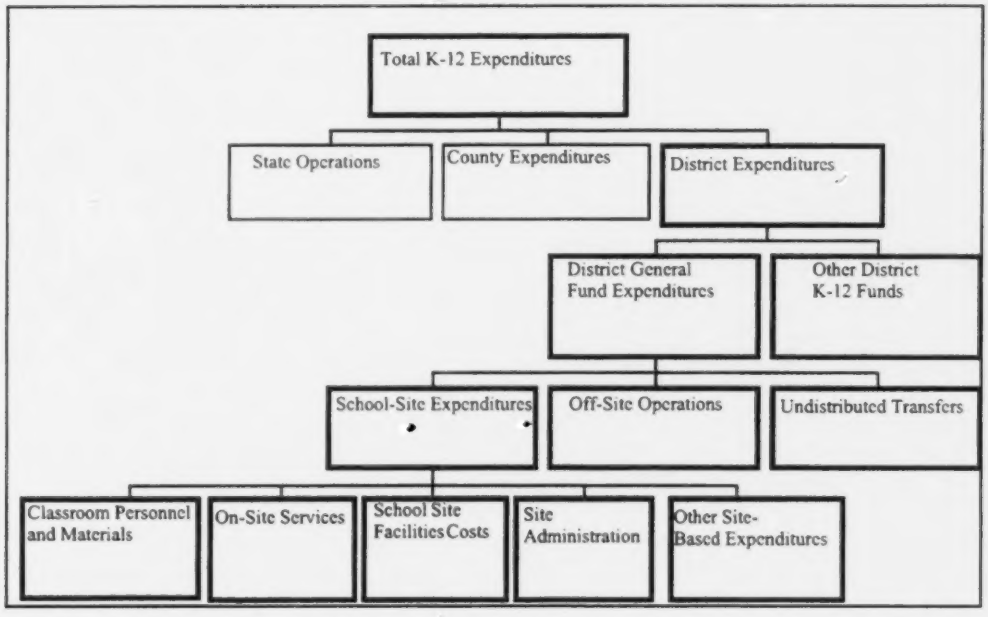

Figure 2.1—Organization of K–12 Expenditures

State operations is defined to include state spending on support services that the state undertakes in the provision of K–12 education. This is principally spending on the California Department of Education, which operates K–12 programs in the state, and spending on repayments on state–issued school construction bonds.

County expenditures includes spending on the services provided by county offices of education. There is no "typical" county office of education because different counties provide very different K–12 services. Many counties operate a small number of county schools. Some counties are responsible for providing accounting services to the districts including payroll services. Other counties provide no direct services to school districts. As shown in the diagram, county expenditures are divided into the categories of county general–fund expenditures and other county K–12 funds.

County spending takes place out of both what is called the general fund and out of set-aside funds. The general fund is the main fund through which spending takes place and contains general–purpose money. In addition, there are many funds that the counties use to set aside money for specific purposes. Often, these other funds include money that by law can be used only for specifically defined purposes. These other funds include the cafeteria fund, the deferred maintenance fund, and the pupil transportation fund. We have distinguished between money being spent from the general fund and money being spent from the other funds.

As shown in Figure 2.1, we have divided **district expenditures** into a variety of expenditure categories. First, we have divided school district expenditures between district general–fund expenditures and other district K—12 funds. Similar to the counties, the school districts spend money both out of the general fund and out of set-aside funds. The school district general fund is by far the largest source of spending on K–12 education and is what is often referred to when discussing K–12 spending.

The district general–fund expenditures are further divided between school-site expenditures, district operations expenditures, and undistributed transfers. We defined five categories of district general–fund expenditures encompassing school-site expenditures:

- *Classroom personnel and materials* includes expenditures on teachers' salaries and benefits, instructional aides' salaries and benefits, textbooks, and instructional equipment.
- *On-site services*[2] includes expenditures on services provided by the school directly to the student such as food services, library services, pupil transportation services, and guidance and welfare services.
- *School-site facilities* includes costs related to school maintenance, utilities, housekeeping, and rentals and leases.
- *Site administration*[3] includes the salaries and benefits for principals and vice–principals in schools.

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[2]This category was called "direct services" in Krop, et.al., 1995. The categories of expenditure in "on-site services" are the same as those previously included in "direct services."

[3]This category was called "school administrators" in Krop, et.al., 1995. It included only the salaries and benefits for principals and vice-principals of schools. The objects of expenditure in "site administration" are the same as those previously included in "school administrators."

- *Other site-based expenditures* includes miscellaneous school-site expenditures for office equipment, expenditures for instructional consultants and lecturers, school personnel's travel, as well as the salaries and benefits of clerical and other office personnel.

In addition to school-site expenditures, school districts make general–fund expenditures on off-site operations.[4] These are expenditures that generally take place at the district offices of education including expenditures on superintendents' salaries and benefits, clerical salaries and benefits for staff at the district offices, travel for district administrators, and equipment and utilities for district offices.

The category of expenditure called undistributed transfers includes interprogram, interfund, or interagency transfers. We subtract these transfers out of total district general fund expenditures and so show them as negative numbers. These are moneys that are transferred from one fund or program or agency to another and are shown as an expenditure from both. Therefore, we would be double counting these expenditures by including them in both places.

DATA SOURCES[5]

To examine expenditures at the state, county and district, it was necessary to rely on several sources of data. We have built a large database from those sources of data and will describe each of them in detail here. The data sources move from broad sources of data that allow us to look at all school districts and county offices of education in California to narrow sources of data that allow us to look in detail at a few school districts and counties. The broad source of data provided some detail on all of the districts and counties in the state. When this broad data source on all districts and counties in California left some questions unanswered, we sought out another data source that provided considerably more detail on about 22 percent of all districts and about 62 percent of all counties in California. And again, when this source of data left us needing more detail, we looked at a few districts in considerable detail. We will start by

[4]In Krop, et.al., 1995, these expenditures were labelled "district operations." The types of expenditures included in "off-site operation" are the same as those that were included in "district operations."

[5]See Appendix A of Krop, et. al., 1995 for issues of data reliability.

describing the broad source of data and move to descriptions of the more detailed sources.

State Expenditure Reporting Forms, the J200/J400

Each year, the California Department of Education collects detailed revenues and expenditures for each school district and county office of education in the state across a number of categories as defined by the state. School districts record this information on the J200 forms; county offices of education record this information on the J400 forms. The California Department of Education makes the information collected on these forms available on a database. The information is included separately for each school district and county office of education in California. We used the databases for the 1994–95 and the 1995-96 school years.

As shown in Table 2.1, California had 999 school districts in 1995-96. In addition to these school districts, there are county districts. There are 58 county districts in California, which overlap the school districts. In total, there were approximately 5.4 million students enrolled in school and county districts in California in the 1995–96 school year.[6] To give one an idea of the size of the undertaking, California enrolls more students than any other state and is followed by Texas with an enrollment of 3.7 million students for the 1995–96 school year (Digest of Education Statistics, 1996).

Table 2.1

Number of Districts in California, 1995--96

Type of District	Number of Districts
Elementary	586
High School	104
Unified	309
Subtotal	999
County Office	58
TOTAL	1,057

Table 2.2 provides a look at the size of school districts in California.

[6]Counties enroll about 57,000 students.

Table 2.2

Size of School Districts in California, 1995—96

Size of District	Number of Districts	Percentage of District	Percentage of Enrollments
Under 500 Students	307	31	1
500 to 1,000 Students	129	13	2
1,001 to 15,000 Students	480	48	43
15,001 to 50,000 Students	75	8	33
Over 50,000 Students	8	1	21
TOTAL	999	100	100

The table shows that there are many very small school districts in California and a few very large school districts. There are 307 districts with under 500 students accounting for 31 percent of all districts but only enrolling one percent of students in California. The largest group of students are in districts that enroll between 1,001 and 15,000 students. These districts enroll about 2.3 million students or about 48 percent of students in California. Just as there are many small districts in California that enroll few students, there are a few very large districts that enroll a lot of students: Eight districts enroll over 50,000 students each and account for 21 percent of all students in California.

The J200 and J400 forms report expenditures under what are called objects of expenditures. These objects of expenditures cut across different funds of expenditures. The California Department of Education classifies all K–12 expenditures into particular objects of expenditures as defined by the state. Examples of objects of expenditures are teachers' salaries, instructional aides' salaries, textbooks, librarians' salaries, pupil transportation supplies, travel expenses, clerical and other office salaries, school administrators' salaries, superintendents' salaries, utilities, and housekeeping services. There are about 100 objects of expenditures in all. These objects are the basis for dividing spending between our categories of expenditure as outlined above.[7]

[7]For more information on the objects of expenditures and their definitions see the California School Accounting Manual published annually by the California Department of Education.

In the J200 and J400 forms, these objects of expenditures are included in what are called funds. The school districts and county offices of education spend the education money out of a variety of funds. These funds are used for accounting purposes. The principal fund through which most of the expenditures are recorded is the general fund. This is not to be confused with what are called general fund revenues to the state. The district and county general funds control education money that is not set aside for specific purposes. The district general fund accounts for about 74 percent of all district and county spending, and the county general fund accounts for about another 6 percent of all district and county spending on K–12 education. When people talk about spending on K–12 education in California, it is often the general–fund spending that is being referred to and often just the district general–fund spending. The funds other than the general fund include the cafeteria fund, the deferred maintenance fund, the building fund, and the self-insurance fund. These are funds used to set aside moneys that can only be used for defined purposes.

Table 2.3 shows total school district and county expenditures on K–12 education as reported by the J200 and J400 forms.

Table 2.3

Total K–12 Expenditures in California, 1995–96

	K–12 Expenditures, 1994-95 (Millions of Dollars)	Percentage of Total K–12 Expenditures, 1994-95	K-12 Expenditures, 1995-96 (Millions of Dollars)	Percentage of Total K–12 Expenditures, 1995-96
School Districts:				
General Fund	22,152	73	23,495	74
Other Funds	5,169	17	5,147	16
Counties:				
General Fund	1,725	6	1,749	6
Other Funds	354	1	351	1
State Operations	812	3	869	3
TOTAL	30,212	100	31,611	100

NOTE: These are unduplicated school district and county expenditures as recorded in the J200 and J400 forms. This does not include spending from the adult education fund or the child development fund, which we do not include as K–12 spending. This also does not include spending by Joint Powers Agencies. State operation expenditures are from the governor's budget and are included here to arrive at total K-12 expenditures.

About $22 billion was spent from the school districts' general funds in support of K–12 education in school year 1994–95. In 1995-96, this accounted for

about $23 billion. About $5.1 billion was spent from all other district funds in both 1994-95 and 1995-96. In addition, about $1.7 billion was spent from the county general fund and $350 million from all other county funds in each year. The state also makes some expenditures for state operations in support of K–12 education.[8] These are not included in the J200 and J400 forms but are included here to arrive at the total expenditures on K–12 education in California. In total then, California spent about $30 billion on K–12 education in school year 1994–95 and $32 billion in school year 1995-96. As we detail spending patterns throughout this report, it is this total spending that we will be building toward.

Other Sources of Data[9]

The J200 and J400 databases divide total county and district spending, as shown in Table 2.3, into objects of expenditure for each school district and county office in the state. These objects of expenditure provide us with the base for determining where California education dollars go. Some limitations with the J200 and J400 data required us to seek out other sources of data.[10]

Beginning in the late 1980s, the California Department of Education each year surveys a number of school districts and counties to obtain more detail on specific objects of expenditure on the J200/J400 forms. State officials refer to this information as the "matrix data." We collected the matrix data for the 1994-95 school year, the latest year for which data were available.[11] Table 2.4 provides the number of school districts and county districts surveyed by the Department of Education and the number of students enrolled in those districts and counties.

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[8]The majority of state operations expenditures, $756 million in 1995-96 is for repayments on state-issued school construction bonds.

[9]For more information on these other sources of data, see Krop et. al., 1995, pages 12-17.

[10]For information on these limitation, see Krop, et. al., 1995, pages 12-13.

[11]The matrix data generally lag about one year behind the J200/J400 data.

Table 2.4

School Districts and County Districts Included in the 1994—95 Matrix Data

Type of District	Number of Districts Included in Matrix Data	Percentage of School or County Districts in California	Enrollments in Districts Included in Matrix Data	Percentage of School or County Enrollments in California
School Districts	217	22	4,189,368	79
County Districts	36	62	54,786	95

As shown, the matrix data contain information on 217 school districts or 22 percent of all school districts in California. These districts enroll approximately 4,088,158 students or 79 percent of all students in California. The matrix includes many of the largest districts in the state, which accounts for it covering such a large percentage of students in the state. It also contains this more detailed information on 36 county districts or 62 percent of all county districts in California. These counties include 54,786 students enrolled in county schools, which is 95 percent of all students enrolled in county schools in California.

The matrix data contain detailed information on particular objects of expenditure on the J200 and J400 forms. Of particular interest to our study was the detail that the data matrix provided on what types of benefits were being paid and the size of those benefits to the different groups of recipients. The J200 and J400 data sets group benefits for different types of personnel into one object and so did not allow us to distinguish benefits going to particular groups such as teachers, school administrators, cafeteria workers, clerical staff, or maintenance employees. The matrix data allowed us to make such distinctions. For example, the matrix data broke the object of expenditure called total Employee Benefits in the J200 and J400 data sets into about 20 different types of benefits. These types include benefits going to school administrators, superintendents, maintenance and operations workers, and food services workers.

The matrix data allowed us considerable insight into the objects of expenditure that it detailed. But, limitations in the matrix data required additional sources of data to be collected. First, the matrix data covered only particular objects of expenditures and there were other objects on which we

wished to obtain more details. Second, the matrix data do not provide the split between school and district office expenditures on some objects. [12]

To answer specific questions on what was included in particular objects or how particular objects were split between school and district office expenditures, we relied on detailed school district and county district budgets. The detailed budgets were used to collect information that was not available in the J200/J400 forms or in the matrix data. In total, we collected five detailed school district budgets. The five districts were chosen so as to have one district from each of the different size categories of districts as shown in Table 2.2. This also allowed us to include both urban and rural school districts.

Clearly, this is only a small sample of school districts in California, and we need to be very careful about making any generalizations to all school districts in the state. Throughout this report and in Appendix A in particular, we will point out exactly where this information was used to make assumptions about spending patterns for all districts in California and how it was used. This source of data was particularly helpful in determining what districts were including in the "other" objects and the size of these various expenditures.

There were a variety of other particular areas of interest that required us to obtain special data runs from the California Department of Education. To calculate per–pupil expenditures, we received data on enrollments by school districts and counties in California from the California Department of Education's California Basic Education Data Systems (CBEDS). In addition, we received information from CBEDS on whether each district in California is an elementary, high school, or unified school district.

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[12]For additional information on how the matrix data were used and limitations with the the matrix data, see Krop et. al., 1995, pages 14-15.

3. SCHOOL DISTRICT EXPENDITURE PATTERNS

As described in Section 2, we divide education expenditures into the broad categories of school district, county office, and state operations expenditures. In this section, we provide the detailed types of expenditures included under each of the school district expenditure categories. We detail each school district category one at a time to arrive at a total spending for the category and a per–pupil spending for the category. Adding all of the categories together, we arrive at total K–12 school district expenditures for California. In Section 4, we turn to county office of education and state operations expenditures to arrive at total K–12 expenditures in California.

TOTAL SCHOOL DISTRICT EXPENDITURES

California's school districts spent about $27,321 million for the 1994–95 school year and $28,642 for the 1995-96 school year. This is a per–pupil expenditure of $5,256 and $5,385 for each of the approximately 5.2 million and 5.3 million students enrolled in California's school districts in 1994-95 and 1995-96, respectively. As detailed in this section, Figure 3.1 shows the total school district expenditures and the total school district per–pupil expenditures for each category of district expenditures.

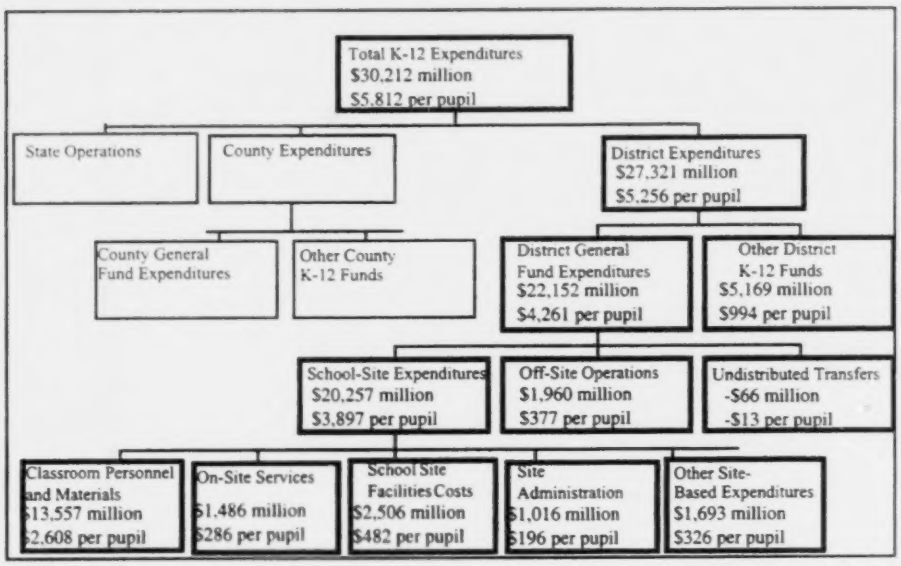

Figure 3.1—Total District K–12 Expenditures, 1994-95

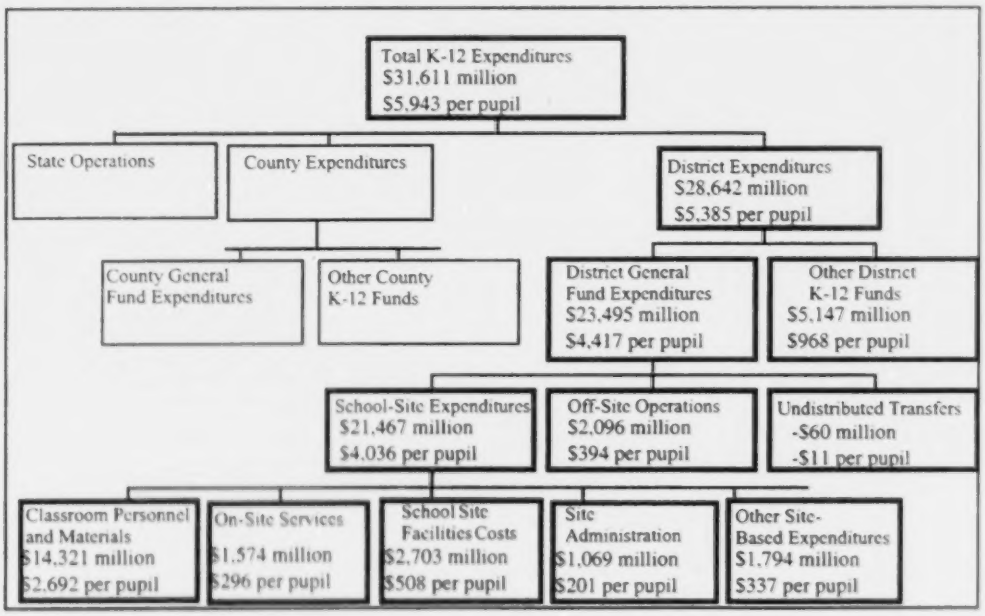

Figure 3.2—Total District K–12 Expenditures, 1995-96

Clearly, the majority of K–12 expenditures take place at the district level, accounting for about 90 percent of total K–12 expenditures in both 1994-95 and 1995-96. The majority of district expenditures are district general–fund expenditures, which account for over 80 percent of total district expenditures in 1994-95 and 1995-96. Of district general–fund expenditures, about $20,257 million in 1994-95 and $21,467 million in 1995-96, or 92 percent in each year, went to school-site expenditures. Within school-site expenditures, classroom personnel and materials expenditures accounted for the majority of spending, about 61 percent of district general-fund expenditures in each year. Off-site operations of $1,960 million in 1994-95 and $2,096 million in 1995-96 accounted for about 9 percent of district general-fund spending in each year. We begin by detailing district general–fund expenditures, starting with school-site expenditures.

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SCHOOL-SITE EXPENDITURES

District general–fund expenditures are divided among school-site expenditures, district operations expenditures, and undistributed transfers. School-site expenditures include classroom personnel and materials, on-site services, school-site facilities, school-site administration, and other school-site expenditures. For each type of expenditure listed under each of the school-site categories of expenditure, we will present the size of the expenditure, the percentage of total district general fund expenditures that go to that particular expenditure, and the resulting per–pupil expenditure. Which sources of data are used in determining the size of each type of expenditure is documented in Appendix A.

Classroom Personnel and Materials

Table 3.1 displays the expenditures that are included under classroom personnel and materials.

Table 3.1

Classroom Personnel and Materials

Type of Expenditure	Total District General–Fund Expenditure (millions) 1994-95	Percentage of District General–Fund Expenditures 1994-95	Per–Pupil Expenditure 1994-95	Total District General–Fund Expenditure (millions) 1995-96	Percentage of District General–Fund Expenditures 1995-96	Per–Pupil Expenditure 1995-96
Teachers' salaries	9,734	43.94	1,872	10,225	43.50	1,922
Instructional aides' salaries	739	3.34	142	778	3.31	146
Benefits—teachers	2,153	9.72	414	2,258	9.61	425
Benefits—aides	148	.67	29	156	.66	29
Retiree benefits	208	.94	40	218	.93	41
Subtotal	**12,982**	**58.61**	**2,497**	**13,635**	**58.01**	**2,563**
Textbooks	122	.55	24	164	.70	31
Instructional materials and supplies	356	1.61	68	393	1.67	74
Books other than textbooks	47	.21	9	64	.27	12
Instructional equipment	51	.23	10	65	.28	12
TOTAL	**13,557**	**61.20**	**2,608**	**14,321**	**60.93**	**2,692**

The first column of Table 3.1 shows the types of expenditures included in the classroom personnel and materials category. The second and fifth columns show total 1994-95 and 1995-96, respectively, district general–fund expenditures for the particular type of expenditure in column 1. These are general–fund expenditures only. Non-general–fund district expenditures are shown under the category other district K–12 funds (in Figure 3.1). The third and sixth columns display the percentage of total 1994-95 and 1995-96, respectively, district general–fund expenditures that go to that type of expenditure. It is important to note that this is the share of district general fund spending that goes to a given type of expenditure and not the share of all district spending or the share of all district and county and state spending.

The fourth and seventh columns display 1994-95 and 1995-96 per–pupil expenditures. These per–pupil expenditures are calculated by dividing each expenditure in column two by students enrolled in school districts in the 1994-95 and 1995-96 school years which is 5,198,243 and 5,319,183, respectively. We have used total school district enrollments throughout this analysis to arrive at per–pupil expenditures so that the per–pupil expenditures can be added up across types of expenditures to arrive at a total per–pupil expenditure in the state. Further, we were interested in what was being spent per pupil in the state as a whole independent of decisions individual school districts were making. Because of this, we are showing only statewide averages in the tables. These state averages hide variations in per–pupil expenditures that exist across school districts in California.

Further, as we will discuss with specific cases later, not all types of expenditures are received by all students in all districts. We could have divided types of expenditures only by the number of students enrolled in districts that make that particular type of expenditure. Or we could have divided types of expenditures only by the number of students who participate in that type of expenditure. And those numbers could be prorated by the amount of time that students participate in the particular type of spending. These calculations would result in higher per–pupil expenditures in cases in which not all students receive the particular type of expenditure. These participation numbers are not available for many types of spending, and the prorated numbers would be difficult to calculate. In addition, these per–pupil calculations would not allow readers to simply add per–pupil expenditures across different types of spending.

Therefore, we have divided all expenditures by all students enrolled in California's districts and documented cases in which specific types of expenditures go to only a small number of students in certain districts.

As shown in Table 3.1, districts spent approximately $9,734 million and $10,225 million on teachers' salaries for the 1994-95 and 1995-96 school years, respectively. This represents about 44 percent of all district general–fund expenditures in each year. And teachers' benefits represent about another 10 percent of all district general–fund expenditures. Benefits for teachers and other specific groups throughout this analysis were determined by using the matrix data. For example, the matrix data showed that about 58 percent of all benefit payments went to teachers. This percentage was applied to total benefits paid by all districts in the J200 data set to arrive at benefit payments of about $2,258 million for teachers in 1995-96, for example.

An additional type of expenditure placed in this category is retiree benefits. These are primarily health benefits to retired teachers. We decided to place this expenditure under classroom personnel and materials, viewing it as deferred compensation. Districts reported spending about $218 million on retiree benefits for the 1995–96 school year.

In total, districts spent approximately $12,982 million and $13,635 million on the salaries and benefits of classroom personnel in 1994-95 and 1995-96, respectively. This is about 58 percent of total district general–fund expenditures in each year.

In addition, districts spent about $393 million in 1995-96 on instructional materials and supplies, which include tests, periodicals, magazines, workbooks, and audiovisual materials for the classroom. Instructional equipment includes computers for the students and audiovisual equipment.

In total, districts spent $13,557 million and $14,321 million in 1994-95 and 1995-96, respectively, on classroom personnel and materials. This is about 61 percent of total district general–fund expenditures in each year. The types of expenditures included in this category cover most or all students enrolled in California and so dividing through by total enrollments provides an accurate picture of average per–pupil expenditures in the state.

On-Site Services

Table 3.2 displays the types of expenditures that are included in the on-site services category.

Table 3.2
On-Site Services

Type of Expenditure	Total District General–Fund Expenditure (millions) 1994-95	Percentage of District General–Fund Expenditures 1994-95	Per–Pupil Expenditure If All Students Included 1994-95	Total District General–Fund Expenditure (millions) 1995-96	Percentage of District General–Fund Expenditures 1995-96	Per–Pupil Expenditure If All Students Included 1995-96
Librarians' salaries	52	.24	10	53	.23	10
Guidance, welfare, and attendance salaries	431	1.95	83	446	1.90	84
Physical and mental health salaries	90	.41	17	95	.4	18
Food services salaries	4	.02	1	3	.01	1
Pupil transportation salaries	275	1.24	53	288	1.23	54
Other classified salaries	294	1.33	57	310	1.32	58
Benefits excluding transportation and food services	111	.5	21	117	.5	22
Pupil transportation benefits	85	.39	16	90	.38	17
Food services benefits	1	.00	0	1	.00	0
Subtotal	**1,343**	**6.08**	**258**	**1,403**	**5.97**	**264**
Pupil transportation supplies	57	.26	11	60	.25	11
Food services supplies	2	.01	0	3	.01	0
Books and media for new and expanded libraries	2	.01	0	1	.00	0
Equipment	51	.23	10	65	.28	12
Other supplies	30	.14	6	35	.15	7
TOTAL	**1,486**	**6.71**	**286**	**1,565**	6.66	**294**

Districts spent approximately $446 million, or 2 percent of all district general–fund expenditures, on guidance, welfare and attendance salaries in 1995-96. Districts spent only about $3 million on food services salaries in the general fund because most food–services-related expenditures come from the cafeteria fund. Districts spent about $288 million in 1995-96 on pupil transportation

salaries. Transportation salaries is a specific case for which per–pupil expenditures are very different depending on whether we divide through by all K–12 students in California or only by those students receiving transportation services. Dividing total expenditures by all 5,319,183 students results in a per–pupil expenditure of about $54. Dividing total expenditures by only those about 970,000 students who receive home-to-school transportation, on the other hand, would result in a per–pupil expenditure of $300 per pupil.[13] But, transportation salaries in part cover field trips and other transportation services that involve a broader base of students. While our estimate is likely on the low side, it is difficult to determine exactly what is the correct per–pupil expenditure. It should be clear to the reader that different calculations would produce considerably different per–pupil expenditure numbers.

In total, expenditures on personnel salaries and benefits under on-site services were about $1,343 million and $1,403 million in 1994-95 and 1995-96, respectively. This is about 6 percent of total district general–fund expenditures and $260 per pupil in both years.

All equipment purchases are included in one object in the J200 data set, and we wanted to divide them into the different categories of expenditure. Equipment purchases that fall under on-site services include vehicles for pupil transportation, library equipment, and physical education equipment. The matrix data and the detailed district budgets suggested that about 15 percent of total equipment expenditures included in the one object in the J200 were for equipment that fit into the on-site services category. A similar calculation needed to be made for the other supplies object. Other supplies are all recorded in one object of expenditure in the J200, and we wanted to know more detail about what was included in this object and the sizes of the different expenditures. Looking at the detailed district budgets showed that the other supplies object includes expenditures on such items as library supplies, health supplies, pool supplies, and guidance counselor supplies that belong in the on-site services category of expenditure. In total, we determined that about 10 percent of purchases classified under other supplies in the J200 belong in this

[13]The home-to-school transportation numbers were received from the California Department of Education, Education Finance Division.

category. This amounts to on-site services expenditures on other supplies of about $35 million for the 1995–96 school year.

In total, expenditures on on-site services were about $1,486 million and $1,565 million for the 1994–95 and 1995-96 school years, respectively. On-site services command about 7 percent of total district general–fund expenditures.

School-Site Facilities

As shown in Table 3.3, school districts make a variety of expenditures related to school-site facilities.

Table 3.3

School-Site Facility Costs

Type of Expenditure	Total District General–Fund Expenditure (millions) 1994-95	Percentage Of District General–Fund Expenditures 1994-95	Per–pupil Expenditure If All Students Included 1994-95	Total District General–Fund Expenditure (millions) 1995-96	Percentage Of District General–Fund Expenditures 1995-96	Per–pupil Expenditure If All Students Included 1995-96
Maintenance salaries	242	1.09	47	250	1.06	47
Operations salaries	717	3.24	138	740	3.15	139
Benefits for maintenance and operations	325	1.47	62	341	1.45	64
Subtotal	**1,284**	**5.8**	**247**	**1,331**	**5.66**	**250**
Utilities and housekeeping services	523	2.36	101	527	2.24	99
Rentals, leases, and repairs	210	.95	40	242	1.03	46
Sites and improvement of sites	17	.08	3	34	.14	6
Buildings and improvement of buildings	71	.32	14	103	.44	19
Equipment	135	.61	26	173	.74	32
Equipment replacement	33	.15	6	44	.19	8
Other supplies	152	.68	29	174	.74	33
Debt service/loan repayment	80	.36	15	82	.35	15
TOTAL	**2,506**	**11.31**	**482**	**2,710**	**11.54**	**510**

Maintenance salaries go to those who are involved in the repair and maintenance of the buildings. These include carpenters, plumbers, painters, and electricians. Operations salaries go to those involved with the upkeep of the buildings and grounds including custodians, guards, and gardeners. In the J200 forms, maintenance and operations salaries are included together in one object. The detailed budgets of the school districts consistently showed that about 75 percent of maintenance and operations salaries were paid on behalf of operations salaries and 25 percent were paid on behalf of maintenance salaries. Further, maintenance and operations both take place at the schools and at the district offices. The detailed budgets also consistently showed that about 95 percent of these expenditures were taking place at the school sites. This results in about $250 million being spent on maintenance salaries and $740 million being spent on operations salaries in 1995-96 related to school facility costs. Benefits to these groups totaled about $341 million for the 1995-96 school year.

In total, expenditures on personnel salaries and benefits in this category were about $1,284 million and about $1,331 million in 1994-95 and 1995-96, respectively. This is about 6 percent of total district general–fund expenditures in each year.

The expenditures for utilities and housekeeping services listed are those for schools only. These include expenditures on water, gas, electricity, telephone, waste disposal, and laundry. The J200 records total utility and housekeeping costs under one object and we needed to divide them between school and district office expenditures. The matrix data did not provide more detail on this particular object of expenditure and so we used the detailed district budgets. The detailed budgets consistently showed that about 85 percent of utility and housekeeping expenditures took place at the school site, resulting in about $527 million in expenditures on utilities and housekeeping at the school level for the 1995–96 school year.

Buildings and improvement of buildings includes expenditures directly related to the construction or acquisition of buildings. This includes expenditures on the construction of new buildings, purchase of new buildings, architectural and engineering fees, blueprinting, inspection fees, and demolition work. These expenditures totaled about $103 million or about $19 per student in all districts in 1995-96. About 65 percent of school districts report expenditures on buildings and improvement of buildings. Since expenditures on buildings

and improvement of buildings is relatively small, including only those students in those districts that make this expenditure would result in a change in per-pupil expenditures of little practical significance, from $19 per pupil to about $23 per pupil.

Again, the J200 includes one object to record all equipment expenditures. We wanted to gain a better understanding of the types and sizes of expenditures included in this broad category and to break equipment expenditures across our categories of expenditure. Equipment purchases in the school facilities category include expenditures on furniture, maintenance and operations equipment and machinery, and vehicles for maintenance and operations. The detailed school district budgets suggest that about 40 percent of total equipment purchases fall in this category. Applying this percentage to the J200 database resulted in equipment purchases for school facilities of about $173 million, or $32 per pupil in 1995-96. All other supplies are also included in one object in the J200. Other supplies for school facilities include custodial supplies, maintenance supplies, gardening supplies, and supplies for the upkeep of equipment. The district detailed budgets again suggest that about 50 percent of other supply purchases go to school facility costs, totaling about $174 million in 1995-96.

Debt service and loan repayment is included under school facility costs because most school district debts and loans are incurred to finance school construction. There is a much larger debt repayment made by the state to cover state issued bonds also related to school construction. District debt service and loan repayments totaled about $82 million for the 1995-96 school year.

In total, expenditures on school facilities were about $2,506 million and $2,710 million for the 1994-95 and 1995-96 school years, respectively. School facilities command about 12 percent of total district general-fund expenditures. The per-pupil expenditure on school facilities if all students are included is about $500 in each year.

Site Administration

As shown in Table 3.4, site administration salaries and benefits were about $1,016 million and $1,069 million for the 1994-95 and 1995-96 school years, respectively. This accounts for about 5 percent of total district general fund expenditures in each year.

Table 3.4

Site Administration

Type of Expenditure	Total District General-Fund Expenditure (millions) 1994-95	Percentage of District General-Fund Expenditures 1994-95	Per-pupil expenditure If All Students Included 1994-95	Total District General-Fund Expenditure (millions) 1995-96	Percentage of District General-Fund Expenditures 1995-96	Per-pupil expenditure If All Students Included 1995-96
School administrators' salaries	719	3.25	138	758	3.22	142
Site administration benefits	297	1.34	57	312	1.33	59
TOTAL	**1,016**	**4.59**	**196**	**1,069**	**4.55**	**201**

It is interesting to note that about 95 percent of school districts report spending on school administrators' salaries. It is the very small districts that do not report this expenditure, which suggests that some small districts have teachers or others performing this role.

Again, the J200 does not distinguish the benefits of particular personnel. The matrix data showed that about 8 percent of total benefits were paid to site administration, and so this percentage was applied to the total Employee Benefits object in the J200.

Other Site-Based Expenditures

Table 3.5 displays those expenditures that we have classified as other site-based expenditures.

Table 3.5

Other Site-Based Expenditures

Type of Expenditure	Total District General–Fund Expenditure (millions) 1994-95	Percentage of District General–Fund Expenditures 1994-95	Per–pupil Expenditure If All Students Included 1994-95	Total District General–Fund Expenditure (millions) 1995-96	Percentage of District General–Fund Expenditures 1995-96	Per–pupil Expenditure If All Students Included 1995-96
Clerical and other office salaries	661	2.98	127	697	2.97	131
Personal services of instructional consultants, lecturers, and others	95	.43	18	94	.40	18
Other certificated salaries	203	.92	39	217	.92	41
Benefits	104	.47	20	109	.46	20
Subtotal	**1,063**	**4.80**	**204**	**1,117**	**4.75**	**210**
Insurance	120	.54	23	123	.52	23
Travel and conferences	70	.32	13	76	.32	14
Equipment	17	.08	3	22	.09	4
Other supplies	45	.21	9	52	.22	10
Other services and operating expenditures	377	1.70	73	404	1.72	76
TOTAL	**1,693**	**7.64**	**326**	**1,794**	**7.63**	**337**

All clerical and other office salaries are included in one object in the J200. To divide these between school-site and district-office expenditures, we relied on the detailed district budgets. These consistently showed that about 60 percent of all clerical salaries were paid to employees at the school site, and about 40 percent were paid to employees at the district offices. This results in $697 million being spent for the 1995–96 school year on school-based clerical salaries, or about 3 percent of all district general–fund expenditures.

Personal services of instructional consultants, lecturers, and others is defined to include expenditures for people who provide direct assistance to teachers, pupils, or the curriculum. This may include expenditures on curriculum specialists or those who speak at assemblies. These expenditures are included at the school site since they are payments to individuals who spend their time at the schools. If more detailed information were available, it would

also be fitting to place some of these expenditures in other categories such as the classroom and on-site services.

Other certificated salaries includes coordinators for such programs as magnet programs and integration programs. In addition, this object includes program specialists for such programs as special education. Some of these personnel likely work out of district offices. The split of this spending between the school site and district offices is not known, and we have placed the total object spending in other site-based expenditures, about $217 million in 1995-96.

In total, expenditures on personnel salaries and benefits in this category were about $1,117 million in 1995-96. This is about 5 percent of total district general–fund expenditures in each year 1994-95 and 1995-96.

In addition, equipment purchases under other school-based expenditures include purchases of office computers, data processing equipment, furnishings, computer software, and fax machines. These purchases totaled about $22 million for the 1995–96 school year. Expenditures on travel and conferences of about $76 million in 1995-96 include the travel and conferences of all personnel at the school. Insurance payments of about $123 million in 1995-96 are mainly related to liability insurance. Although most liability insurance covers those in the schools, some liability insurance probably also relates to employees at districts offices as well. This level of detail was not available even in the school district detailed budgets. Other supplies under this category includes a variety of school office supplies and totals about $52 million in 1995-96 or about $10 per pupil.

The other services and operating expenditures object in the J200 form is the most difficult object to explain. The definition of this object in the *California School Accounting Manual* includes a wide variety of types of expenditures, and looking at just five detailed district budgets, it is clear that districts record a wide variety of expenditures here. For our sampled districts, this category included advertising, legal fees, audits, appraisals on sites not purchased, physical examinations of potential employees, field trips, athletics transportation, non-public–school contracts, transportation contracts, school–board expenses, and many other types of contracted services. In addition to containing a wide variety of expenditures, the relative sizes of these expenditures varied greatly among our sampled districts.

In total, this object of expenditure accounts for about 3 percent of total district general–fund expenditures. We decided to place one-half of the spending

in this object in other site-based expenditures and the other one-half of the spending in this object in off-site operations. It is clear from looking at the state definition of this object and the district detailed budgets that some of the spending in this object takes place at the school and some takes place at district offices. Given the great variation that we found in the detailed budgets, an estimated split could not be determined, and so we chose to use a 50-50 split. In addition, if information allowed, some of this spending likely belongs in the classroom, in on-site services, and in the school facilities categories. Even if a much larger sample were taken, any average for this category would likely hide very different kinds and sizes of expenditures placed in this category by different districts. Additional research needs to be done on the reporting of this particular object. The current reporting of this object provides very little information to the public on what spending is taking place in this object. Total reported spending on other services and operating expenditures totaled about $807 million in 1995-96 and, as discussed, we put one-half of that spending, or about $404 million, into this category of expenditure.

In total, expenditures on other site-based activities were about $1,693 million and $1,794 million for the 1994–95 and 1995-96 school years, respectively. Other school-based expenditures command about 8 percent of total district general–fund expenditures.

OFF-SITE OPERATIONS

In addition to school-site expenditures, there are also off-site expenditures taking place at district offices. Expenditures on off-site operations are shown in Table 3.6.

Table 3.6

Off-Site Operations

Type of Expenditure	Total District General-Fund Expenditure (millions) 1994-95	Percentage of District General-Fund Expenditures 1994-95	Per-pupil Expenditure If All Students Included 1994-95	Total District General-Fund Expenditure (millions) 1995-96	Percentage of District General-Fund Expenditures 1995-96	Per-pupil Expenditure If All Students Included 1995-96
Superintendents' salaries	109	.49	21	115	.49	22
Certificated administrative personnel's salaries	69	.31	13	75	.32	14
Classified administrators' salaries	185	.83	36	196	.83	37
Certificated supervisors' salaries	140	.63	27	146	.62	27
Clerical and other office salaries	440	1.99	85	465	1.98	87
Maintenance and Operations salaries	50	.23	10	52	.22	10
Benefits	279	1.26	54	293	1.25	55
Subtotal	1,272	**5.74**	**246**	**1,342**	**5.71**	**252**
Dues and membership	9	.04	2	10	.04	2
Other services and operating expenditures	377	1.70	73	404	1.72	76
Utilities and housekeeping services	92	.42	18	93	.4	17
Rentals, leases, and repairs	23	.11	4	27	.11	5
Other supplies	76	.34	15	87	.37	16
Equipment	84	.38	16	108	.46	20
Travel and conferences	23	.11	4	25	.11	5
TOTAL	**1,960**	**8.85**	**377**	**2,095**	**8.92**	**394**

Expenditures on superintendents' salaries totaled about $115 million, or about $22 per pupil in 1995-96. Certificated administrators include the directors of pupil services, the directors of special projects, and administrative assistants. The salaries for these employees totaled about $75 million for the 1995–96 school

year. Only 39 percent of districts report expenditures in this object. Per-pupil expenditures with all students included are about $14 and about $15 if only those students in districts reporting expenditures are included. Certificated supervisors' salaries include the salaries for special education supervisors and instructional supervisors. These are generally supervisors based at the district offices. District expenditures on these personnel totaled about $146 for the 1995–96 school year. Only 48 percent of districts report expenditures in this object. Classified administrators' salaries includes the salaries of chief accountants, business managers, controllers, governing board members, and purchasing agents. Expenditures on these salaries totaled about $196 million, or about .83 percent of total district general–fund expenditures for the 1995–96 school year.

About $465 million was spent on clerical salaries and other office salaries for those in off-site operations. Maintenance and operations salaries include those expenditures related to the maintenance and operation of district offices. These totaled about $52 million in school year 1995–96. The share of total benefits going to off-site personnel is about $293 million in 1995-96. This is determined by the matrix data, which suggest that about 7.5 percent of total benefits go to off-site personnel.

In total, expenditures on the salaries and benefits of personnel in district offices were about $1,272 million and $1,342 million for the 1994–95 and 1995-96 school years, respectively. This is about 5.7 percent of total district general–fund expenditures in each year.

In addition, other services and operating expenditures, as explained under other site-based expenditures, totaled about $404 million for off-site operations in 1995-96. Utilities and housekeeping services, and rentals, leases, and repairs are those expenditures related to the district offices. Each of these expenditures is included in the J200 in a single object. To obtain the split in these expenditures between the schools and the district offices, we relied on the matrix data and the detailed district budgets. These both suggested that about 15 percent of total utilities and housekeeping services and about 10 percent of total rentals, leases, and repairs related to the district offices with the rest being expended at the school sites. The resulting off-site operations expenditure on utilities and housekeeping was about $93 million for the 1995–96 school year. The off-site operations expenditure on rentals, leases, and repairs was about $27 million in 1995-96.

About $87 million, or $16 per pupil, was spent on other supplies for the district offices in 1995-96. Equipment purchases for off-site operations include computers, data processing equipment, furnishings, computer software, and fax machines. These expenditures totaled about $108 million for the 1995–96 school year. Expenditures for travel and conferences for district office employees totaled about $25 million in 1995-96. Again, as detailed in Appendix A, we relied on both the data matrix and the detailed budgets to determine the split between school-site and off-site expenditures for these objects of expenditure as well.

In total, off-site expenditures were about $1,960 million and $2,096 million for the 1994–95 and 1995-96 school years, respectively. Off-site operations command about 9 percent of total district general–fund expenditures. The per–pupil expenditure on off-site operations if all students are included is about $377 for 1994-95 and $394 for 1995-96.

UNDISTRIBUTED TRANSFERS

Undistributed transfers are interprogram, interfund, or interagency transfers. These are a negative number and are subtracted out of district general–fund expenditures.

Table 3.7

Undistributed School-Based Transfers

Type of Expenditure	Total District General–Fund Expenditure (millions) 1994-95	Percentage Of District General Fund Expenditures 1994-95	Per–pupil Expenditure If All Students Included 1994-95	Total District General–Fund Expenditure (millions) 1995-96	Percentage Of District General Fund Expenditures 1995-96	Per–pupil Expenditure If All Students Included 1995-96
Interfund / interprogram / interagency	-66	-.30	-13	-60	–.25	–11
TOTAL	**-66**	**-.30**	**-13**	**-60**	**–.25**	**–11**

The expenditures shown in Table 3.7 are moneys that are transferred from one fund or program or agency to another and are shown as an expenditure from both in the J200 forms. Therefore, we would be double counting these

expenditures by including them in both places. For example, the general fund may transfer money to the cafeteria fund. This is recorded as an expenditure from the general fund and again from the cafeteria fund when that money is spent. In this category, we have included only undistributed transfers. These are not all of the transfers that take place. We were able to subtract many of the transfers from a particular object of expenditure. These are transfers for which we do not know the particular object that they are being transferred from. Hence, we are calling them undistributed transfers. Because they are undistributed, we do not know which particular category of expenditure to subtract them from. These undistributed transfers amounted to about $60 million, or $11 per pupil in 1995-96.

4. TOTAL CALIFORNIA K–12 EXPENDITURES

Adding expenditures made by County Offices of Education and by the State on state operations, we arrive at total K-12 expenditures for California for the 1994-95 and 1995-96 school years, as shown in Figures 4.1 and 4.2.

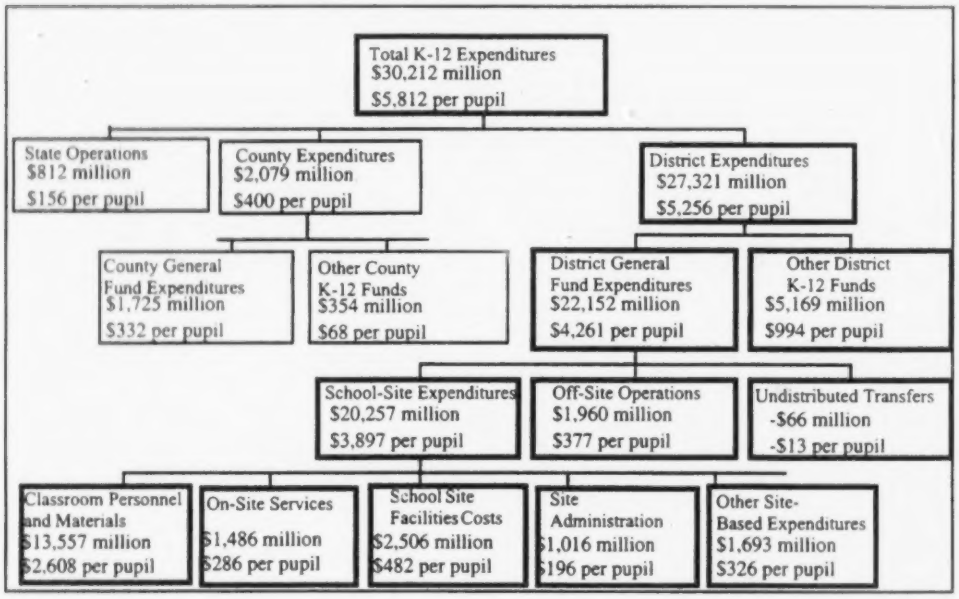

Figure 4.1—Total K—12 Expenditures, 1994-95

As shown in Figures 4.1 and 4.2, California's 58 county offices of education spent $2,079 million for the 1994–95 school year and $2,100 million for the 1995-96 school year. The majority of county expenditures are county general–fund expenditures, which account for about 83 percent of total county expenditures.

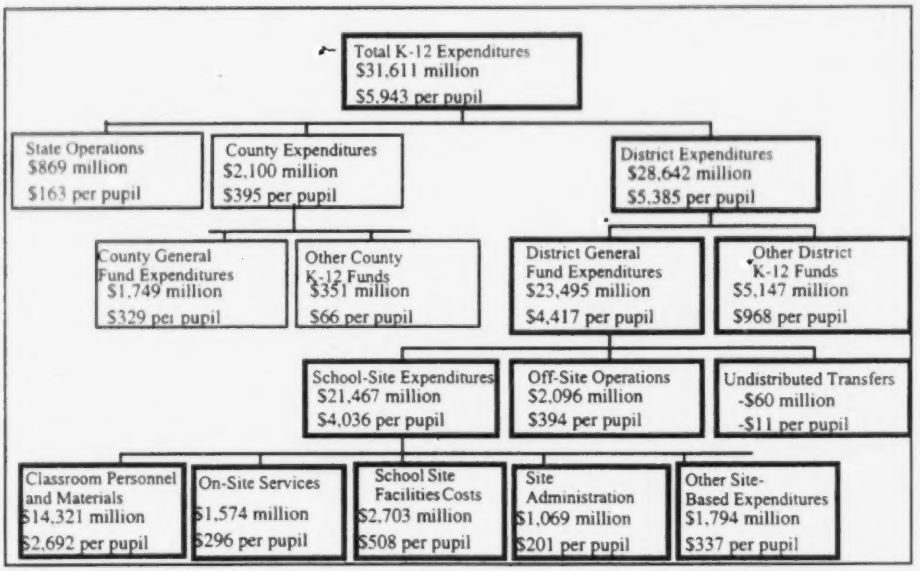

Figure 4.2—Total K—12 Expenditures, 1995-96

County general–fund expenditures, as reported in the J400 forms, totaled about $1,725 million and $1,749 million in 1994-95 and 1995-96, respectively. The county districts vary greatly in their functions and responsibilities. There are 58 county districts in California and different counties provide different levels of K–12 services. Many counties operate a small number of county schools. Counties enrolled 57,337 students in their own schools in the 1995–96 school year. In addition, some counties are responsible for providing accounting services to the districts, including payroll services. However, other counties provide no direct services to districts and operate autonomously.

For county expenditures in particular, it is very difficult to know how many students to divide through by to get per–pupil expenditures. We have divided expenditures by the number of students enrolled in school districts in California. This is consistent with how per pupil numbers were calculated in the previous section. This means that we are not dividing the county expenditures by the students who are enrolled in county schools. In some cases, particular county expenditures go only to those students enrolled in school districts, not those

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students enrolled in county schools. In other cases, particular expenditures go to both all school district students and all county district students. In still other cases, the money is being expended only on the students in county schools or some fraction of students in the district and county schools. The problem is that it is difficult to know on whose behalf the variety of county expenditures are being made, particularly since different counties perform very different roles.

"State operations" is defined to include state spending on support services that the state undertakes in the provision of K–12 education. The state spent $812 million and $869 million on state operations related to K-12 education in 1994-95 and 1995-96, respectively. This is principally spending for the California Department of Education that helps to operate K–12 programs in the state, about $80 million in 1995-96, and repayments on state general obligation bonds, about $756 million in 1995-96.

Total unduplicated school district, county, and state K–12 expenditures were $30,212 million and $31,611 million for the 1994-95 and 1995-96 school years, respectively. This results in a per–pupil expenditure of $5,812 and $5,943 for all students enrolled in school districts in California in 1994-95 and 1995-96, respectively. Clearly, the majority of K–12 expenditures take place at the district level. Further, most spending takes place out of the general funds. District and county general–fund expenditures together totaled $25,244 million and account for about 80 percent of total K–12 expenditures of $31,611 million for the 1995–96 school year.

5. VARIATION IN EXPENDITURE PATTERNS BY SCHOOL DISTRICT SIZE

Section 3 documented average shares of school district general-fund expenditures devoted to different categories of expenditure. These school district averages hide the variation that exists across school districts. School district expenditure allocations may vary for a variety of reasons, including the size of the school district, the level of the school district (elementary, secondary, or unified), the number of special education students in the school district, and the location of the school district. While it is beyond the scope of this study to explore these and other characteristics of school districts and how they affect district allocations, we want to present the reader with some picture of the variation that exists in how school districts allocate their education dollars.

In this section, we will present box-and-wisker plots of the share of general-fund expenditures devoted to particular categories of spending against school district size. The categories presented here are classroom personnel and materials expenditures, school-site facilities and off-site operations. Similar graphs could be done for the other categories of expenditure. We have chosen these categories as they represent the largest shares of general fund expenditures. The box-and-wisker plots show school district allocations to these expenditure categories for different size districts. It may be that different size districts have different percentages of special education students, are located in different geographic locations with different cost structures, etc. that also contribute to their variation in spending allocations. Therefore, while we examine differences by size of districts, those differences are likely due to other factors than the size of the districts alone.

CLASSROOM PERSONNEL AND MATERIALS

In Section 3, we found that, on average, California's school districts devoted about 61 percent of district general-fund expenditures to classroom personnel and materials in the 1995-96 school year. This state average hides variations that exist across school districts. Figure 5.1 displays that variation in a box-and-wisker plot.

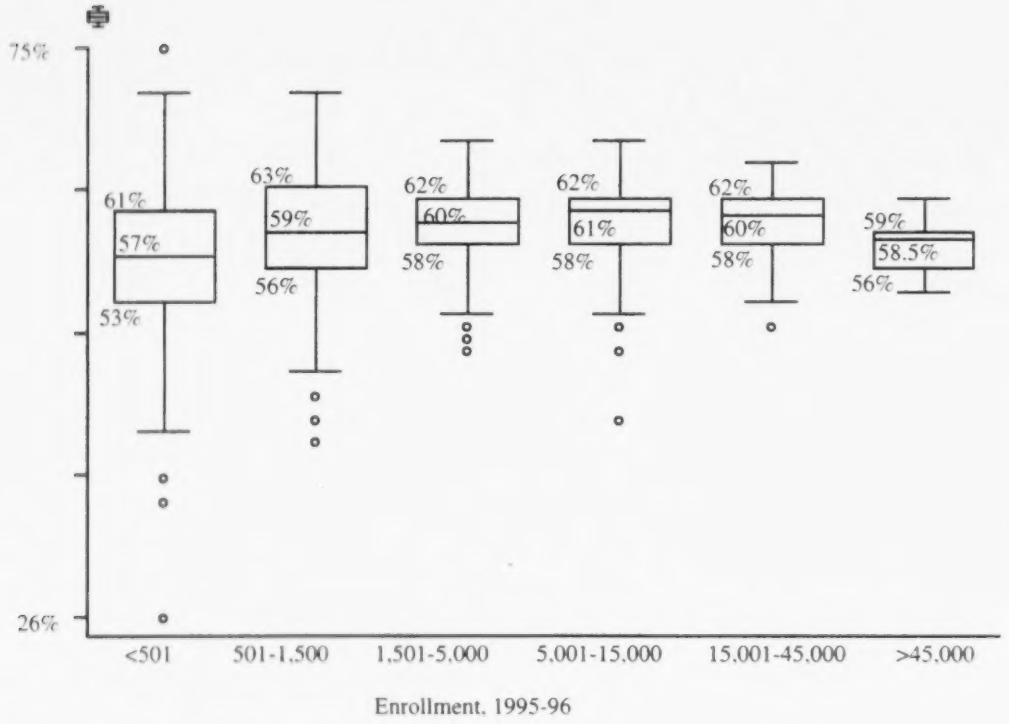

Fig. 5.1-Classroom Personnel and Materials

The y-axis shows the percentage of general-fund expenditures devoted to classroom personnel and materials. The x-axis shows student enrollments divided into six different size categories. School districts with enrollments of 500 or less are generally provided services by County Offices of Education as well as receive some additional "small school" allocations. Districts with enrollments over 45,000 are in the top one percent of school districts in California in terms of size.

The line in the middle of each box represents the median or 50th percentile of the data. The box extends from the 25th percentile to the 75th percentile, the so-called interquartile range. The lines emerging from the box are called the wiskers and they extend to the upper and lower adjacent values. The upper adjacent value is defined as the largest data point less than or equal to the 75th percentile plus 1.5 times the interquartile range. The lower adjacent value is defined as the smallest data point greater than or equal to the 25th percentile minus 1.5 times the interquartile range. Observed points more extreme than the

adjacent values, if any, are referred to as outside values and are individually plotted.

As Figure 5.1 shows, there is variation around the median value, particularly for the smallest school districts. The smallest school districts also show the lowest median percentage of spending on classroom personnel and materials. This is likely due to their economies of scale dictating that they spend a relatively large share of their dollars on other categories of expenditure such as facilities and off-site administration. The largest school districts are grouped fairly closely around the median share expenditure of 58.5 percent. In fact, the degree of variation in spending gets progressively more narrow as we move from the smallest to the largest size districts.

SCHOOL-SITE FACILITIES

School-site facilities, on average, accounted for about 11.5 percent of district general-fund spending in the 1995-96 school year, as detailed in Section 3. Figure 5.2 displays how this spending varies for different size school districts.

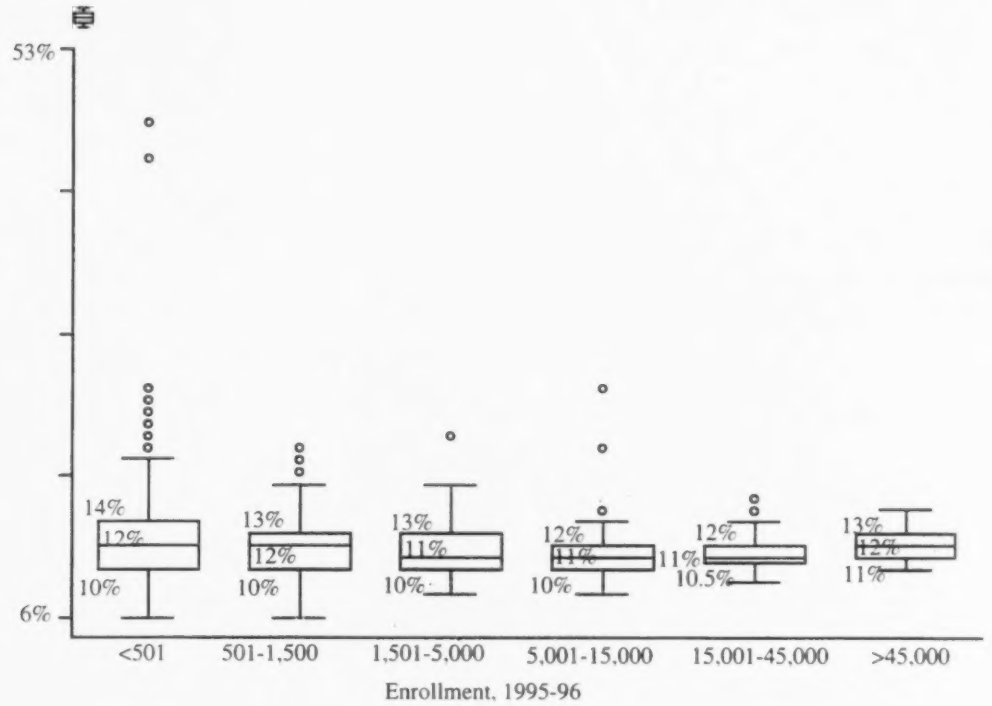

Fig. 5.2--School-Site Facilities

The share of dollars a school district devotes to school facilities can vary from year to year. A school district may upgrade a school facility in a particular year and so spend a relatively large share of dollars on this category. This is particularly the case for the smallest school districts where those costs cannot be shared across a large number of schools. In addition, there are likely economies of scale for maintenance and repairs that are not recognized by the smaller school districts. As Figure 5.2 shows, the median school district in each size category generally spent between 11 percent and 12 percent of its general-fund budget on school facilities. The smallest size and largest size districts have a higher median share expenditure than do the middle size districts. The larger districts' expenditures on school facilities are more tightly clustered around the median than are the smaller districts' expenditures.

OFF-SITE OPERATIONS

In Section 3, we arrived at a statewide average share of general fund expenditures devoted to off-site operations of 9 percent in 1995-96. The variation that exists in this share across different size school districts is displayed in Figure 5.3.

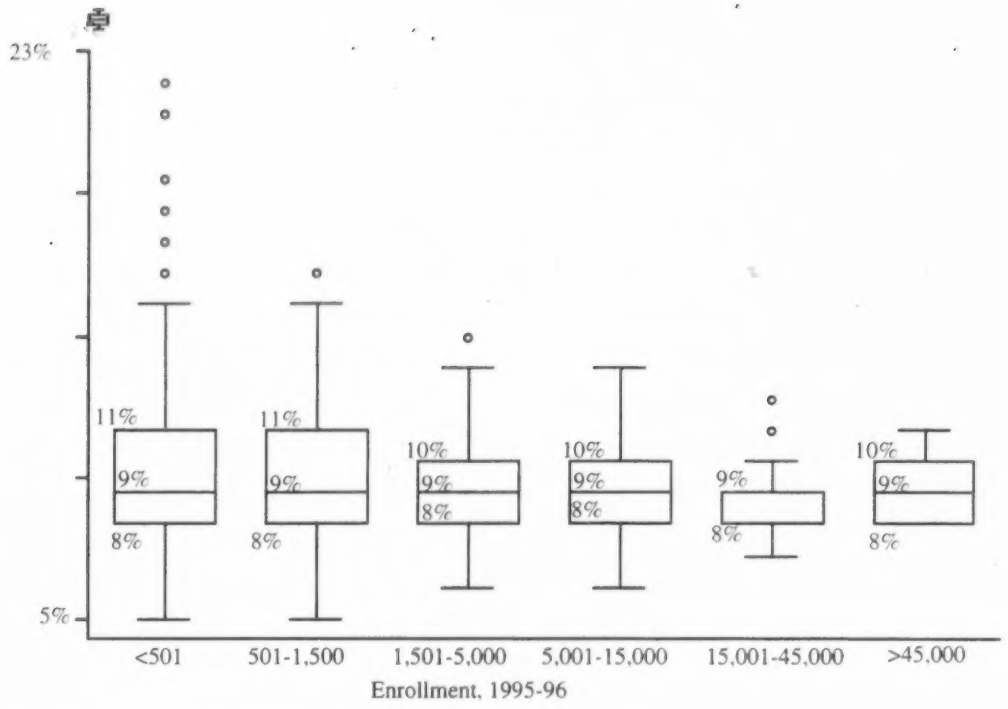

Fig. 5.3—Off-Site Operations

Again, the y-axis shows the share of general-fund expenditures on off-site operations and the x-axis shows different ranges of student enrollments for school districts in California.

As Figure 5.3 shows, the median share of general fund expenditures devoted to off-site operations is generally around 9 percent for the different size districts, except for the smallest size districts. There is variation around this median, particularly for the smaller school districts. The smallest school districts, those enrolling under 500 students, range from spending 5 percent to close to about 22 percent of general fund spending on off-site operations. The smallest size districts, for example, may receive considerable services from county offices of education and so spend a relatively small share of their district general fund dollars on off-site administration. Or, they may receive few services from the county and not benefit from economies of scale in off-site operations and so spend a relatively large share of their dollars on off-site operations. The interquartile range is the smallest in those districts with enrollments between 15,001 and 45,000. As was seen in classroom personnel and materials spending

and on-site facilities spending, the shares of general-fund expenditures devoted to off-site operations generally become more tightly clustered around the median as school district size increases.

6. CONCLUDING REMARKS

This study shows how California's education dollars were spent in 1994-95 and 1995-96. Together with the results of our earlier analysis of K-12 spending in 1992-93, this work describes current patterns in how the funds available to K–12 education in California are allocated among a variety of categories of expenditure at the state, county, district, and school level. Our intent is to document how the education dollars are spent to help initiate and frame further discussions on education spending. We view this work as an initial step in a long term program to understand how education dollars are translated into educational services.

This study has presented one way to organize education expenditures into categories of expenditure. In defining our categories, we looked to what others had done in California and in other states in defining expenditure categories and we held numerous discussions with people inside RAND and with people inside school districts and county offices of education. Clearly, there is no one "right" way to define these categories, and these categories may change over time as educational reforms take place. We have provided the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to allow others to discuss the different types of expenditures, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways. In addition, we have sought to provide a sense of where the current level of data on California's K–12 expenditures can take us and where there is a lack of good information available.

Table 6.1 shows total unduplicated state, county, and school district K–12 expenditures for the 1992-93, 1994-95, and 1995-96 school years.

Table 6.1

Distribution of K-12 Expenditures in 1992-93, 1994-95, and 1995-96

School Year	1992-93		1994-95		1995-96	
	$ millions	%	$ millions	%	$ millions	%
State operations	584	2	812	3	869	3
County	1,550	6	2,079	7	2,100	7
School districts	25,433	92	27,321	90	28,642	91
Total	27,567		30,212		31,611	

Total California K-12 expenditures in 1992-93 were $27,567 million, about $5,353 per pupil. School district expenditures, $25,433 million, accounted for about 92 percent of total K–12 expenditures. County expenditures accounted for six percent of total K–12 expenditures. State operations comprised two percent of K-12 spending.

Total California K–12 expenditures grew to $30,212 million, about $5,812 per pupil, in the 1994-95 school year and to $31,611 million, about $5,943 per pupil, the following year. The distribution of expenditures by level in each of those years was very similar to the 1992-93 pattern: School districts accounted for about 90 percent of K-12 expenditures in 1994-95 and 91 percent in 1995-96. Counties accounted for about three percent, and state operations for about seven percent, in each year.

County offices of education spent about $1,550 million, or $301 per pupil, in the 1992–93 school year, about $2,079 million, or $400 per pupil, in 1994-95, and about $2,100 million, or $395 per pupil, in 1995-96. The majority of county expenditures are county general–fund expenditures, which accounted for about 88 percent of total county expenditures in 1992-3 and 83 percent of total county expenditures in each of the other years we examined.

A relatively small share of county expenditures, $180 million in 1992-93, $354 million in 1994-95, and $351 in 1995-96, come from other county K–12 funds, which hold money aside for specific purposes. The largest of these is the county self-insurance fund.

State operations expenditures totaled about $584 million, or $113 per pupil, for the 1992–93 school year. State operations expenditures totaled $812 million, $156 per pupil on average, in 1994-95 and $869 million, about $163 per pupil on average, in 1995-96.

Most school district spending was district general–fund spending. And the majority of district general–fund spending took place at school sites. Table 6.2 shows the distribution of district general-fund spending among major expenditure categories for the 1992-93, 1994-95, and 1995-96 school years.

Table 6.2

Distribution of School District General-Fund Expenditures (%) in 1992-93, 1994-95, and 1995-96

School Year	1992-93	1994-95	1995-96
District general-fund spending ($ million)	21,011	22,152	23,495
Type of expenditure (%)			
Classroom personnel and materials	62	61	61
On-site services	7	7	7
School-site facilities	11	11	12
Site administration	5	5	5
Other site-based expenditures	7	8	8
Off-site operations	8	9	9

District general-fund spending on classroom personnel and materials accounted for about 62 percent of total school district general fund expenditures in 1992-93 and about 61 percent in 1994-95 and 1995-96. School districts spent about seven percent of their general funds on on-site services in each of the three years we examined. California's schools spent about 11 percent of their general funds on school facilities in each of the three years we examined The fraction of general fund expenditures on site administration was about five percent in each year. The fraction of general fund spending on other site-based activities was about seven percent in 1992-93 and eight percent in the later two years.

About eight percent of school district general–fund expenditures in 1992-93 paid for off-site operations. The corresponding figure was nine percent in both 1994-95 and 1995-96.

Beyond the general fund, school districts spend money from funds that are set aside for special purposes. For example, child nutrition program money is set aside in the cafeteria fund. In total, expenditures from these other district K–12 funds were $4,422 million, or about $859 per pupil, for the 1992–93 school year. The corresponding figures for 1994-95 were $5,169 million, about $994 per pupil on average, and, for 1995-96, $5,147 million, about $968 per pupil on average.

The types of expenditures included in each of our categories of expenditure to arrive at these totals have been provided to allow other analysts to easily move expenditures from one category to another. What we found through our research was that there is a large percentage of expenditures for which there is agreement on the proper placement. For example, teachers' salaries and benefits, which cost 54 percent of total district general–fund expenditures, clearly belong in the category of classroom personnel and materials.

For other types of expenditures, reasonable arguments were heard from a variety of individuals who pointed to different placements of the expenditures. But, these expenditures tended to be a relatively small percentage of total expenditures. For example, we have included retirees' benefits under classroom personnel and materials, viewing them as deferred compensation. Other services and operating expenditures is another type of expenditure that we had trouble placing. We placed one-half of these expenditures under other school-based expenditures and one-half under district operations expenditures. If, instead, we had placed all of these expenditures under other school-based expenditures, this would have lowered the percentage of total district general–fund expenditures going to the off-site operations category of expenditure by about 1.7 percentage points and would have raised the percentage of total district general–fund expenditures going to the other school-based expenditures category by this same amount. It is for the reader to decide whether changes of these magnitudes are significant. We have pointed out throughout our discussions when particular types of expenditures were difficult to place, either because of a lack of good information on what was included in the type of expenditure or because reasonable arguments were heard from a variety of individuals that pointed to different placements of the particular types of expenditures.

Finally, we examined how the expenditure patterns differed across school districts by size. In general, the degree of variation in spending decreases as we move from the smallest to the largest size districts. Table 6.3 illustrates this result; it shows the fraction of general-fund spending allocated to classroom personnel and materials by the 25th and 75th percentile district on this measure in each size class.

Table 6.3

Proportion of School District General-Fund Expenditures (%)
Allocated to Classroom Personnel and Materials
by District Size

	Percentile	
Enrollments	25th	75th
1 - 500	53	61
501 - 1,500	56	63
1,501 - 5,000	58	62
5,001 - 15,000	58	62
15,001 - 45,000	58	62
45,001 or more	56	59

For example, in 1995-96, one-quarter of the very small school districts (enrollment less than 501) spent less than 53 percent of their general-fund revenues on and one-quarter allocated at least 61 percent to this category. The corresponding range of spending on this category among small school districts (enrollment between 501 and 1,500) was seven percentage points. In three groups of mid-sized districts (districts enrolling 1,501 to 5,000 students, or 5,001 to 15,000 students, or 15,001 to 45,000 students) the range of spending on classroom personnel and materials was four percentage points in each case. Finally, the middle 50 percent of the largest districts (45,000 or more students) spanned only three percentage points.

Other Thoughts

Studies on school expenditures serve an important function in pointing out where there is and where there is not adequate information on K–12 expenditures. To examine how education dollars are spent in California, it was necessary to collect several sources of data. The California Department of Education reporting forms, J200 and J400, require all counties and school districts to record expenditures across a variety of objects of expenditures. These forms provide a good source of broad information across all school districts in California. At a general level, they allow for analyses on how much is spent by each district on such areas as classroom teachers' salaries, textbooks, librarians' salaries, school administrators' salaries, and superintendents' salaries. Because the information is provided individually by district, this allows for some comparisons to be made across districts.

While this is a good general source of information, it does not allow for more detailed analyses on how the education dollars are spent. There is no distinction in the objects of expenditure for how much of the object was spent at district or county offices versus how much was spent at the school site. This is essential information for trying to determine where the education dollars go. Further, there are broad objects of expenditure such as equipment and other supplies for which we do not know what types of equipment or supplies are included by the districts or the size of the respective expenditures. Equipment can be anything from a school bus to office furniture. It would help inform discussion of where the education dollars go by knowing how much of this equipment is for students in classrooms or for the upkeep of the school building or for the school office, for example. And, finally, there is the other services and operating object of expenditure that includes a great variety of expenditures and into which school districts and counties record a sizable amount of expenditures. We need to gain a better understanding of what is included in this category and how to more informatively account for the expenditures.

The California Department of Education matrix data and the individual district detailed budgets can help address some of these limitations. The matrix data are very useful in obtaining more detail on particular objects of expenditure within the state expenditure reporting forms. In particular, the data matrix allows one to distinguish benefit expenditures for a variety of personnel. Unfortunately, the matrix data are available only for particular objects of expenditure. Further, detailed district budgets are very useful in gaining more detailed analyses on district expenditure patterns. The detailed budgets provide information on what districts are including in some of the broad objects of expenditure in the J200 or J400 forms. Collecting detailed district budgets, though, is a time-consuming endeavor and collecting them for the over 1,000 school districts in California would be prohibitively so. Including some of this more detailed information in the state reporting forms would provide a valuable source of data on K-12 education spending in California.

Appendix A

DATA SOURCES USED IN DETERMINING PARTICULAR TYPES OF EXPENDITURES

Three data sources, in particular, were used to determine the school district general–fund expenditure patterns as outlined in Section 3. First, we relied on the state expenditure reporting forms, the J200 forms. The objects of expenditure contained in the J200 forms served as the basis for determining the types of school district general–fund expenditures that take place. These objects of expenditure as used in our analysis are displayed in Table A.1. Column 1 displays the name of the object of expenditure and column 2 displays the number assigned to the object of expenditure in the J200 database.

Table A.1

Objects of Expenditure

Object Title	Object Number
Teachers' Salaries	1100
School Administrators' Salaries	1200
Supervisors' Salaries	1300
Librarians' Salaries	1400
Guidance, Welfare, and Attendance Salaries	1500
Physical and Mental Health Salaries	1600
Superintendents' Salaries	1700
Certificated Administrative Personnel's Salaries	1800
Other Certificated Salaries	1900
Instructional Aides' Salaries	2100
Administrative Salaries	2200
Clerical/Office Salaries	2300
Maintenance and Operations Salaries	2400
Food Services Salaries	2500
Transportation Salaries	2600
Other Classified Salaries	2900
Total, Employee Benefits	30TT
Textbooks	4100
Books Other Than Textbooks	4200
Instructional Materials and Supplies	4300
Other Supplies	4500
Pupil Transportation Supplies	4600
Food Services Supplies	4700
Personal Services of Instructional Consultants and Others	5100
Travel and Conferences	5200
Dues and Memberships	5300
Insurance	5400
Utilities and Housekeeping Services	5500
Rentals, Leases, and Repairs	5600
Direct Costs-Interprogram Services	5710
Direct Costs-Interfund Services	5750
Other Services and Operating Expenditures	5800
Sites and Improvement of Sites	6100
Buildings and Improvements of Buildings	6200
Books and Media for New and Expanded Libraries	6300
Equipment	6400
Equipment Replacement	6500
Tuition, Interdistrict Attendance Agreements	7110

ROC/P Tuition, Payments to Districts[14]	7121
ROC/P Tuition, Payments to County Offices	7122
ROC/P Tuition, Payments to JPAs	7123
Special Education Excess Costs, Payments to Districts	7131
Special Education Excess Costs, Payments to County Offices	7132
Special Education Excess Costs, Payments to JPAs	7133
State Special Schools	7140
Other Tuition, Excess Costs and/or Deficits	7190
Total, Direct Support/Indirect Costs	73TT
Total, Prior Year Expenditures/Other Adjustments	75TT
Debt Service, Public School Building Repayment	7631
Debt Service, State School Building Repayment	7632
Debt Service, Bond Redemptions	7633
Debt Service, Bond Interest and Other Service Charges	7634
Debt Service, Repayment of State School Building Fund Aid—Proceeds from Bonds	7635
Payments to Original District for Acquisition of Property	7636
Debt Service/Other Debt Service Payments	7639
Long–Term Loan Repayment	7641
Other Loan Repayments	7649
Debt Service, All Other Uses	7699
Interagency Transfers	8677

The J200 objects of expenditure served as the base for determining the expenditures on all of the types of district general–fund expenditures that we outlined in Section 3. From this base, we used two other sources of data to arrive at more detailed types of expenditure than those available in the objects of expenditure in the J200 forms. Both the data matrix and the school district detailed budgets were used to break the J200 objects of expenditure into more detailed school district expenditure patterns. Table A.2 presents which types of data were used to determine which types of expenditures.

[14]ROC/P are regional occupational centers or programs operated by other school districts or county superintendents of schools. Payments of tuition are made to school districts, county offices, or joint power agencies (JPAs) that run these centers or programs

The first column in Table A.2 displays all of the types of expenditures that we divided district general-fund expenditures among, as detailed in Section 3. The second column tells the object of expenditure in the J200 forms from which each type of expenditure that we have outlined is based. For some types of expenditure, the corresponding object of expenditure in the J200 forms told us the total expenditure on that type of expenditure. For example, there is an object of expenditure within the J200 forms called teachers' salaries that was included in total under our expenditure category of classroom personnel and materials. However, the object of expenditure within the J200 forms called equipment was divided among several categories of expenditure to display different types of equipment purchases.

The third column in Table A.2 provides the percentage of each object of expenditure in the J200 forms that was used in determining the size of the particular type of expenditure. For example, for some types of expenditures, like teachers' salaries, we took the total object of expenditure from the J200 database, and so no additional sources of data were needed to determine the spending on that particular type of expenditure. However, in some cases we found it necessary to break a particular object of expenditure from the J200 forms down into more detailed types of expenditure. In these cases, less than 100 percent of the object of expenditure is included in a given type of expenditure. And we relied on either one or both of the other sources of data to determine the breakdown of the object of expenditure among our various types of expenditures. The total district general-fund spending across all of the objects of expenditure in the J200 forms is divided among our defined types of expenditures. For those cases in which less than 100 percent of the object of expenditure is included in a given type of expenditure, the fourth and fifth columns of Table A.2 show which additional data sources were used to arrive at the percentages shown in column 3. An "X" in column four or five means that for that particular type of expenditure, the data matrix and/or the detailed district budgets were used to determine the percentage of the total object of expenditure that went to that particular type of expenditure. It should be noted that although not shown in the table, for those types of expenditure that we took the total object of expenditure, the data matrix and the detailed budgets were also used to confirm that 100 percent of particular objects of expenditure did fit into one

particular type of expenditure and did belong in a particular category of expenditure.

Table A.2

Data Sources Used for Each Type of Expenditure

Type of Expenditure	J200 (Object Code)	Percentage of Object	Data Matrix	Detailed District Budgets
Classroom Personnel and Materials:				
Teachers' Salaries	1100	100%		
Instructional Aides' Salaries	2100	100%		
Benefits--Teachers	30TT	58%	X	
Benefits--Aides	30TT	4%	X	
Retiree Benefits	30TT	6%	X	
Textbooks	4100	100%		
Instructional Materials and Supplies	4300	100%		
Books Other Than Textbooks	4200	100%		
Instructional Equipment	6400	15%	X	X
On-Site Services:				
Librarians' Salaries	1400	100%		
Guidance, Welfare, and Attendance Salaries	1500	100%		
Physical and Mental Health Salaries	1600	100%		
Food Services Salaries	2500	100%		
Pupil Transportation Salaries	2600	100%		
Other Classified Salaries	2900	100%		
Benefits Excluding Transportation and Food Services	30TT	3%	X	
Pupil Transportation Benefits	30TT	2%	X	
Food Services Benefits	30TT	.03%	X	
Pupil Transportation Supplies	4600	100%		
Food Services Supplies	4700	100%		
Books and Media for New and Expanded Libraries	6300	100%		
Equipment	6400	15%	X	X
Other Supplies	4500	10%	X	X
School-Site Facilities:				
Maintenance Salaries	2400	24%		X
Operations Salaries	2400	71%		X
Benefits for Maintenance and Operations	30TT	9%	X	

Utilities and Housekeeping Services	5500	85%		X
Rentals, Leases, and Repairs	5600	90%		X
Sites and Improvement of Sites	6100	100%		
Buildings and Improvement of Buildings	6200	100%		
Equipment	6400	40%	X	X
Equipment Replacement	6500	100%		
Other Supplies	4500	50%	X	X
Debt Service/Loan Repayment	(7631.. 7649)+ 7699	100%		
Site Administration:				
School Administrators' Salaries	1200	100%		
Site Administration Benefits	30TT	8%	X	
Other Site-Based Expenditures:				
Clerical and Other Office Salaries	2300	60%		X
Personal Services of Instructional Consultants, Lecturers, and Others	5100	100%		
Other Certificated Salaries	1900	100%		
Benefits	30TT	3%	X	
Insurance	5400	100%		
Travel and Conferences	5200	75%		X
Equipment	6400	5%	X	X
Other Supplies	4500	15%	X	X
Other Services and Operating Expenditures	5800	50%	X	X
Off-Site Operations:				
Superintendents' Salaries	1700	100%		
Certificated Administrative Personnel's Salaries	1800	100%		
Classified Administrators' Salaries	2200	100%		
Certificated Supervisors' Salaries	1300	100%		
Clerical and Other Office Salaries	2300	40%		X
Maintenance and Operations Salaries	2400	5%		X
Benefits	30TT	8%	X	
Dues and Membership	5300	100%		

Other Services and Operating Expenditures	5800	50%	X	X
Utilities and Housekeeping Services	5500	15%		X
Rentals, Leases, and Repairs	5600	10%		X
Other Supplies	4500	25%	X	X
Equipment	6400	25%	X	X
Travel and Conferences	5200	25%		X
Undistributed School-Based Transfers:				
	(7110... 7190)+ 5710+ 5750+			
Interfund/Interprogram/ Interagency Transfers	73TT+ 8677	100%		

As shown in Table A.2, 28 of our types of expenditures matched up in total to objects of expenditure in the J200 data set. Benefits going to specific personnel groups were determined using the J200 data set and the data matrix. The data matrix told us the percentage of total benefits, object 30TT in the J200 data set, that went to each specific group. The J200 data set together with the detailed budgets were used to determine 11 of our types of expenditures. We used the detailed budgets to break the objects of expenditure called clerical and other office salaries, travel and conferences, and rentals, leases, and repairs between school expenditures and district office expenditures. In addition, the one object of expenditure in the J200 data set for maintenance and operations salaries was split into separate expenditures for maintenance and for operations salaries using the detailed budgets. Further, based on the detailed budgets, the expenditures for maintenance and operations salaries were further split between school-based expenditures for maintenance and operations and district office expenditures for maintenance and operations.

The J200 data set, data matrix, and the detailed district budgets were together used to determine 10 of our types of expenditures. For example, the object of expenditure called equipment was broken down into classroom equipment, direct services equipment, school facilities equipment, school office equipment, and district office equipment using the data matrix and the detailed school district budgets. Likewise, the object of expenditure called other services

was broken down into direct services supplies, facility supplies, school office supplies, and district office supplies using the data matrix and the detailed budgets. Cases in which both the data matrix and the detailed budgets were used were cases for which the matrix data gave some information on the breakdown but did not fully answer the question, and so the detailed budgets were needed for additional information.

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